Canada

Registered Charities Newsletter

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This is the first in a series of newsletters that will discuss selected topics of interest to income tax registered charities.

DONATION OF SERVICES

When can a registered charity issue donation receipts for income tax purposes?

Generally, a registered charity can issue official donation receipts for tax purposes when all of the following conditions are met:

- there is a transfer of property to the charity (the most common is money);
- the property is given voluntarily ; and
- the donor receives no benefit in return.

Can a charity issue an official donation receipt for the value of services donated to the charity?

No. Donating services such as time and effort is not a transfer of property. However, a charity can pay an individual such as a lawyer, accountant, or entertainer for services rendered and later accept the voluntary return of all, or part of, the payment as a donation. In this situation, the charity can issue an official receipt, but the donor has to declare this income when filing an income tax return.

PARTISAN POLITICAL ACTIVITIES

The *Income Tax* Act permits a registered charity to engage, to a limited extent, in non-partisan political activities which directly help accomplish the charity's purposes. For example, the charity can be involved in the following activities:

- making informed representations to elected representatives or government to present a charity's views; and
- advertising and organizing public meetings to publicize or gain support for the charity's point of view on matters of public policy that relate to the charity's purpose.

To what degree can a registered charity become involved in partisan political activities?

Under no circumstances can a registered charity engage in or become involved with partisan political activities. Any involvement in the following partisan political activities will jeopardize your charity's registered status:

- directly or indirectly endorsing, supporting, or opposing, monetarily or otherwise, a political party or candidates for public office;
- purchasing tickets to fund-raisers for the benefit of political parties or candidates for public offices;

- using your charity's property or personnel for political parties or candidates for public office; or
- providing financial or other contributions to political parties or candidates for public office.

REMEMBER YOUR ANNUAL RETURN DUE DATE

All registered charities have to send their annual information return to Revenue Canada, Taxation within 6 months of their fiscal year-end. If you do not file the return, the registered status of your charity may be jeopardized.

MORE INFORMATION

All Revenue Canada, Taxation publications, including copies of this newsletter, are available free of charge at your local Revenue Canada district taxation office.

Registration for the goods and services tax is the responsibility of **Revenue Canada, Customs & Excise**. If you have questions about the GST registration process, contact your district Customs & Excise office.

We welcome feedback on whether you found this newsletter helpful, or if you have future topics to suggest. For more information on the issues discussed above or if you have other comments, call us at (613) 954-0410 for local Ottawa calls, 1-800-267-2384 (toll-free, long-distance), or write to us at:

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